

# Meet the ROI Challenge Head On

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# Mary Beth Sullivan



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28 years in Banking & Consulting

Strategy, Marketing, Distribution, Risk Management

*CPG partners with American Banker to assess Top Performing Banks*



# Agenda

- Why a focus on ROI is so important
- What is ROI and why is it so hard?
- Campaigns, Social Media, and Brand ROI
- 5 Big Take-Aways
- Questions

# CPG/Financial Brand Survey 2016



To what extent do the following issues challenge your organization's marketing department?

I.T. Infrastructure

Takes too long to make decisions

Data analytics

Lack of C-level buy-in

Silos

Brand

Resources/manpower

Budget constraints

Rates/fees/products

Marketing automation and personalization

Risk adverse

Frontline/employee support for  
marketing/branding/sales initiatives

Measuring performance and/or  
providing results (ROI)

Too many initiatives

Regulation and compliance

Digital marketing strategy

# #1

## Measuring performance and/ or proving results (ROI)

## Financial execs who feel that measuring marketing ROI is a challenge

### MARKETING EXECS

Major challenge

46%

Minor challenge

50%

4% Not a challenge

### NON-MARKETING EXECS

Major challenge

60%

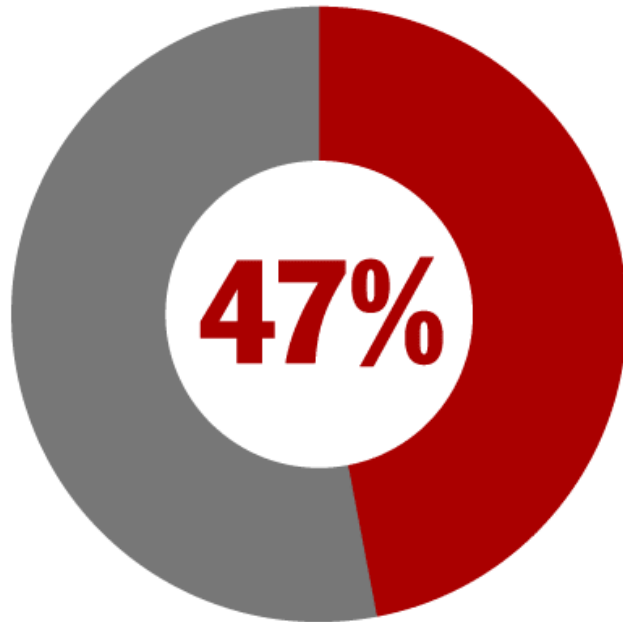
Minor challenge

30%

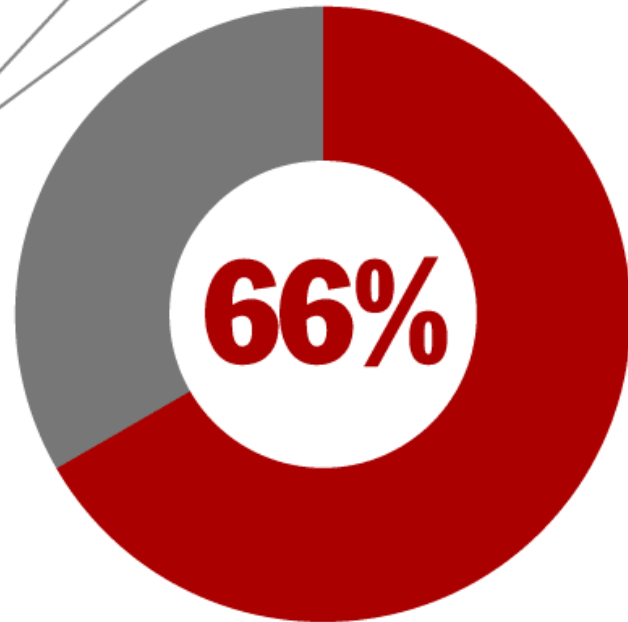
10% Not a challenge

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Financial execs who say their organization struggles to quantify marketing's impact



**MARKETING EXECS**

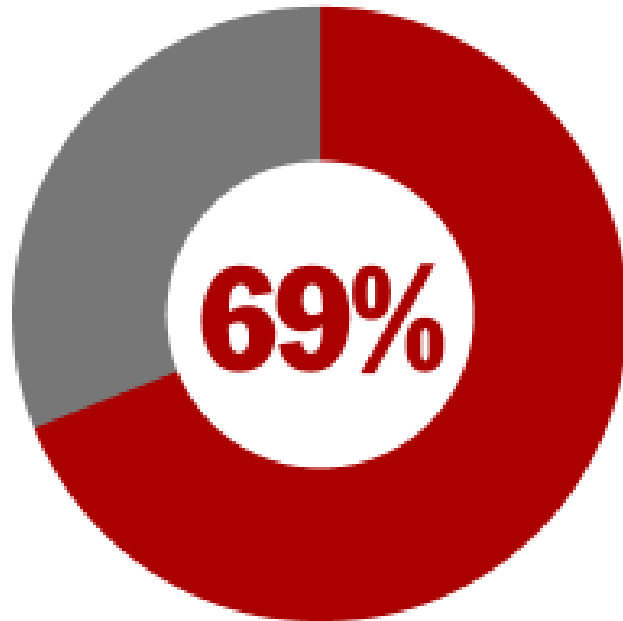


**NON-MARKETING EXECS**

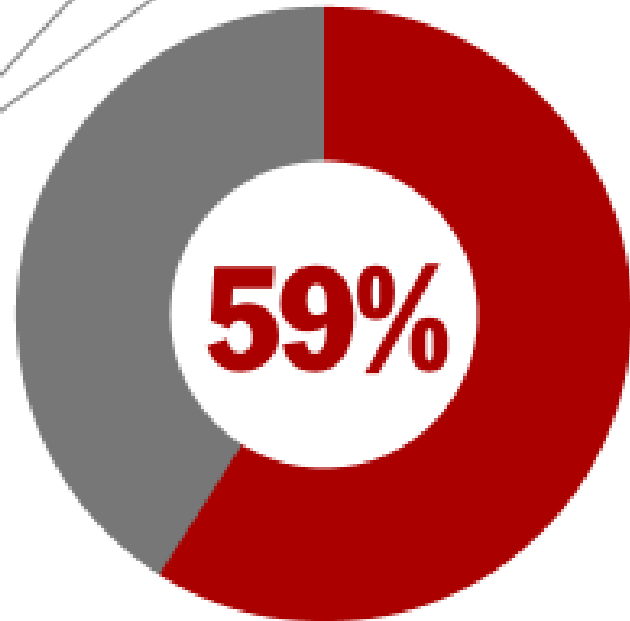
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Financial execs who say their organization could do better establishing marketing ROI



**MARKETING EXECS**



**NON-MARKETING EXECS**

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# Why is ROI such a challenge?

# What is Marketing ROI?

$$ROI = (return - investment) / investment$$

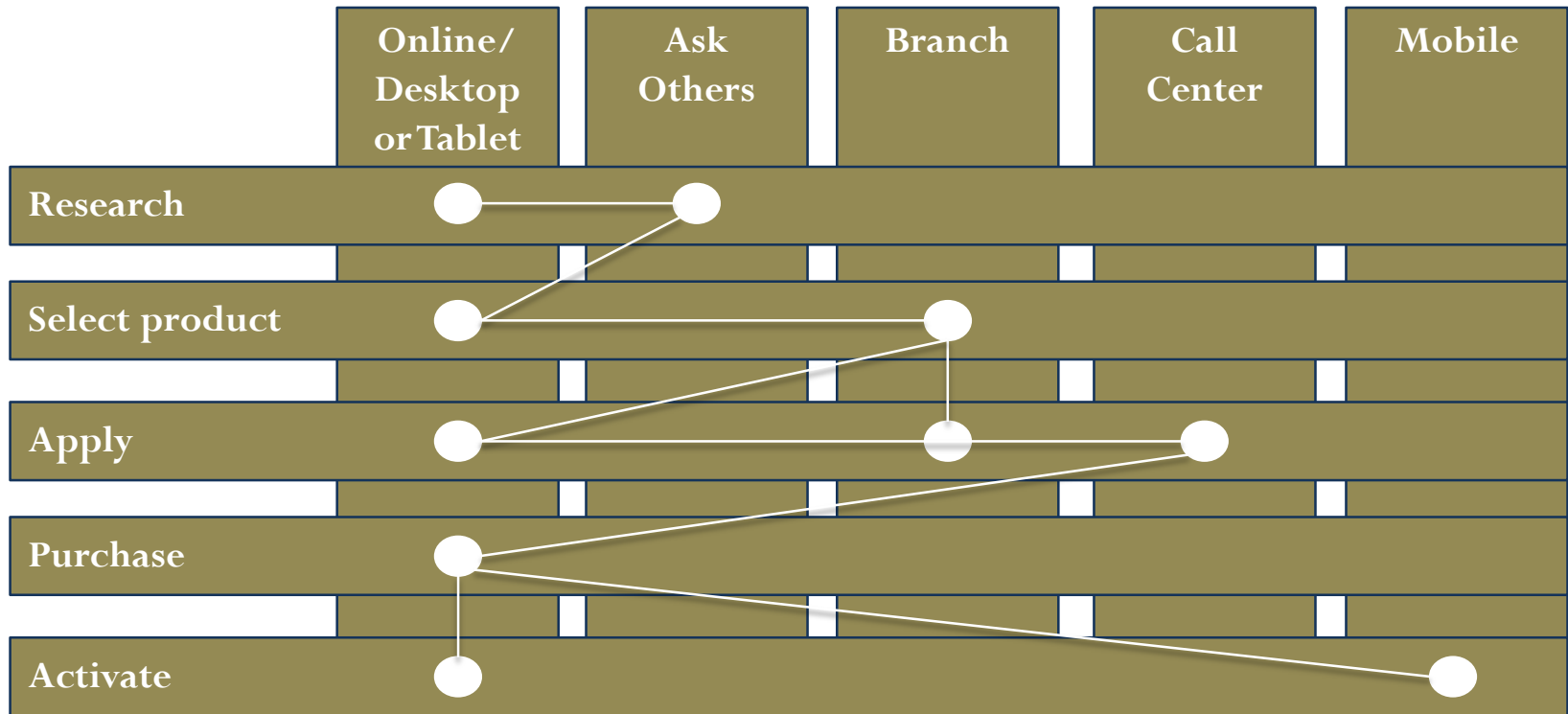
# Take on Three Topics

Campaigns

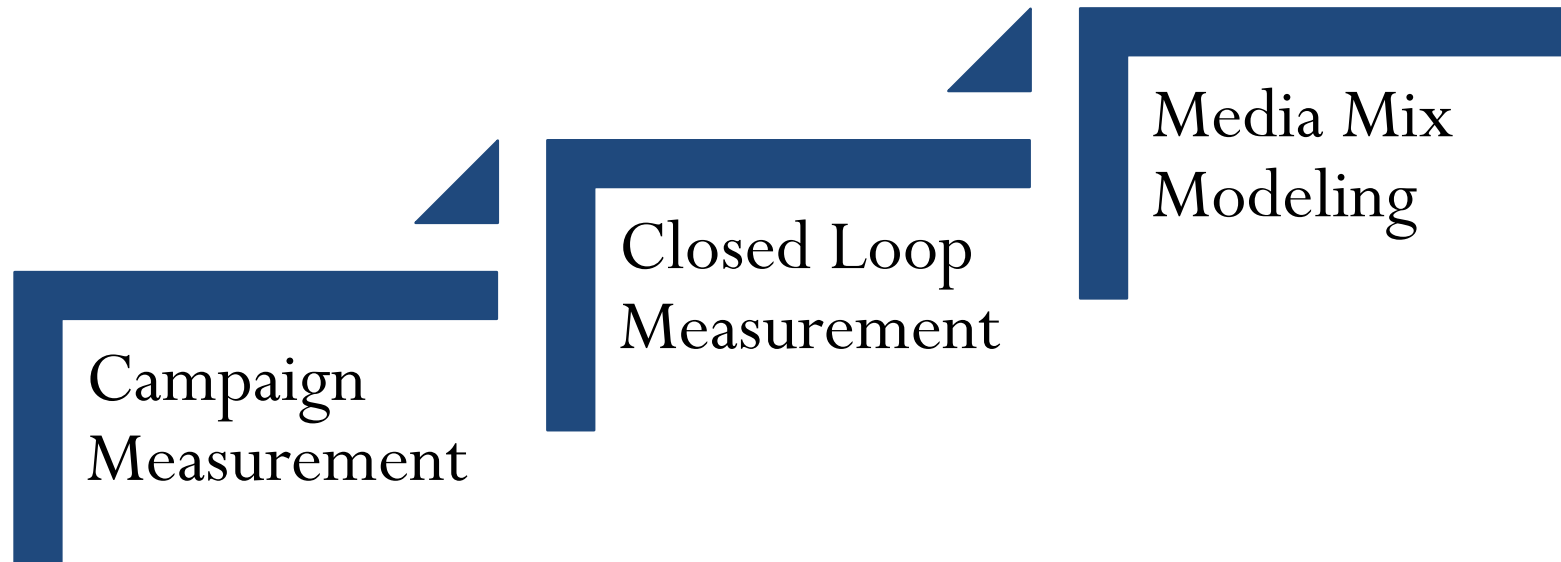
Social Media

Brand

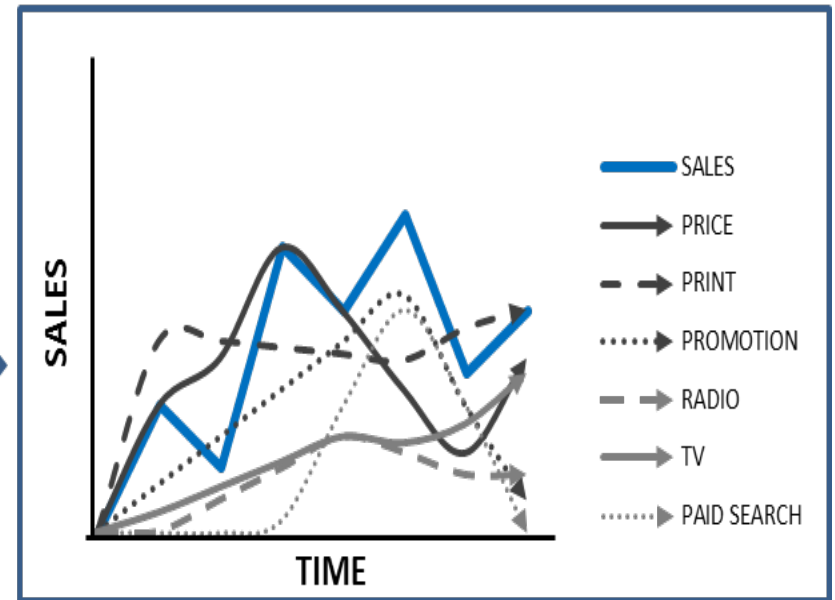
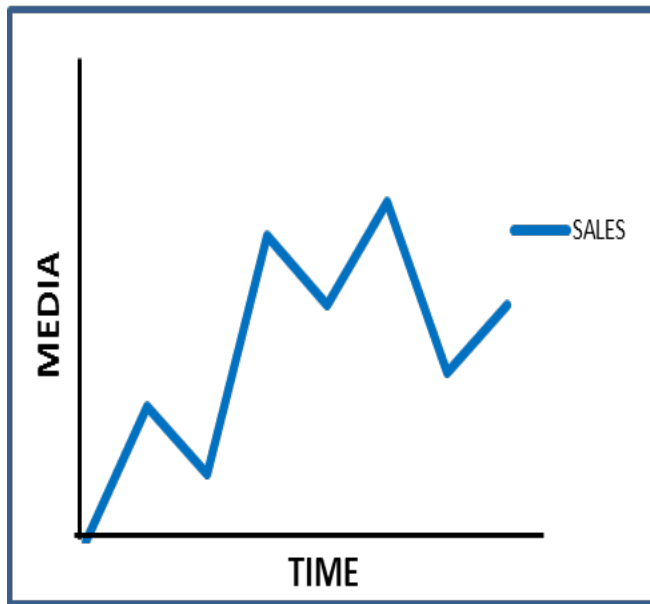
# Buyer's Journey



# Assessing Marketing Channel Results



# Media Mix Modeling: understanding the impact of multiple marketing tactics...








# Illustrative Output of Modeling

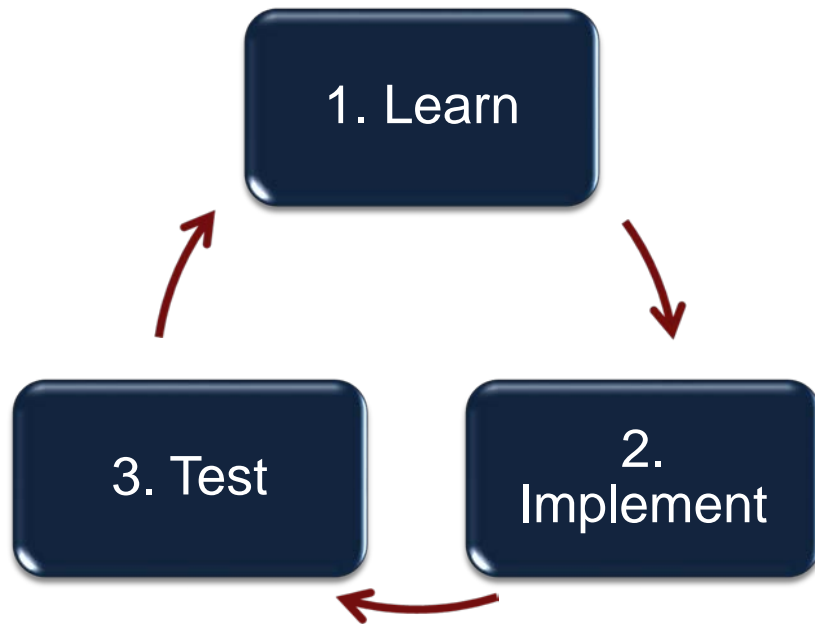
Marketing Optimization				
<u>Marketing Medium</u>	<u>Actual \$</u>	<u>Model R2</u>	<u>Reco</u>	<u>Reco \$</u>
Digital Marketing	1,416,000	0.72	↑	1,679,000
Terrestrial Advertising	2,130,000	0.34	↓	1,843,000
Direct Mail	1,967,000	0.81	↑	2,532,000



# Be Sure To Dig Deeper!

Marketing Optimization				
<u>Marketing Medium</u>	<u>Actual \$</u>	<u>R2</u>	<u>Reco</u>	<u>Reco \$</u>
Digital Marketing	1,416,000	0.72		1,679,000
<i>Search Engine Marketing</i>	144,000	0.51		144,000
<i>Digital Display</i>	790,000	0.24		345,000
<i>Online Video</i>	270,000	0.86		1,134,000
<i>Social Advertising</i>	292,000	0.06		56,000

# Test and Learn Process



- Implement recommended media and mail plan
- Measure changes to sales and revenue
- Calculate return, re-run Optimization Model, and adjust media mix
- Implement adjusted plan

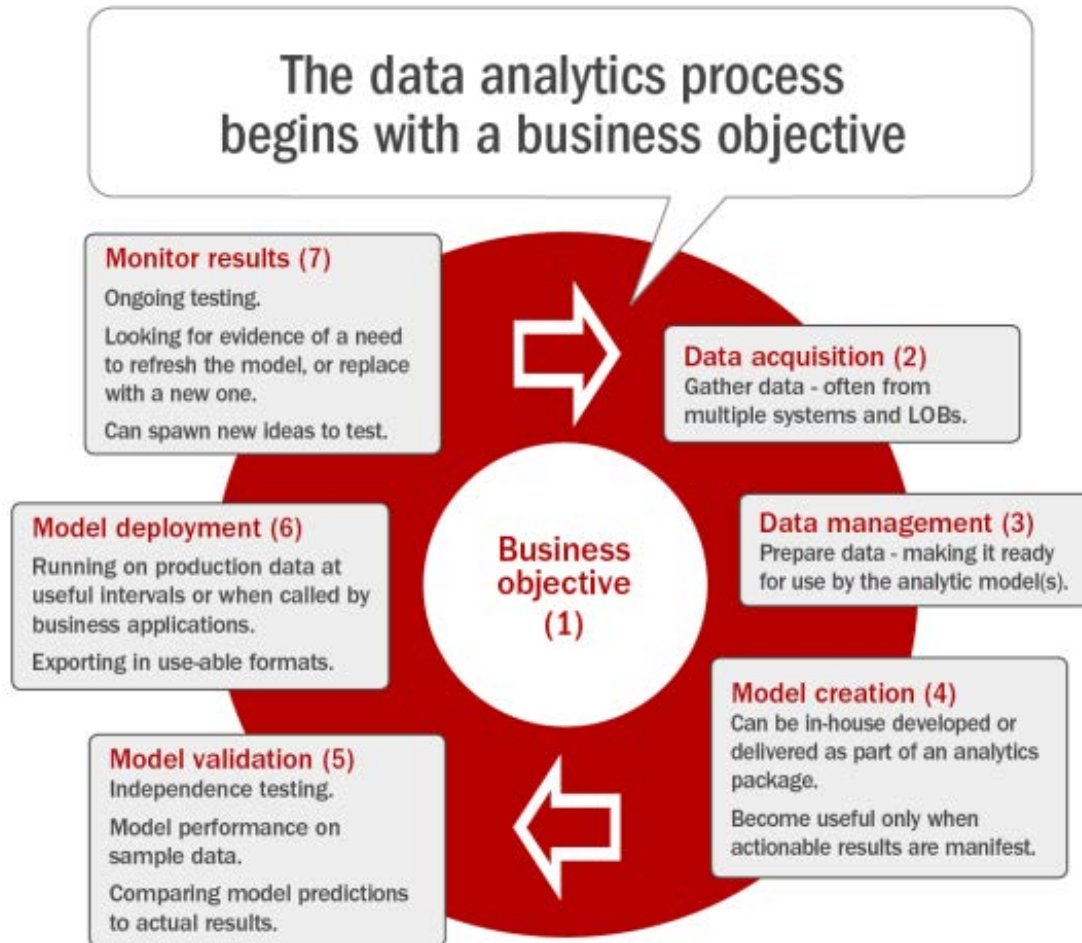
# Example: Home Equity Direct Marketing Campaign

- Goal: increase return on marketing spend
- Targeting and Media mix strategy
- ROI estimation:
  - Response rate modeling
    - Collect and validate data
      - Bank and market data on HE/HELOC balances and utilization rates
      - Costs per direct mail; costs per target of online/digital marketing
      - NII, provision and origination costs (modeled) per loan
    - Target ROI calculated
- Launch and evaluate results versus ROI model

# Example: Home Equity Direct Marketing Campaign

Summary of Marketing Contribution		
<i>(\$ in thousands)</i>		
	<u>2015</u>	<u>2016</u>
<b>New Home Equity Outstanding Balances</b>	\$ 10,000	\$ 21,555
Profit from New/Activated Outstanding Loans	\$ 750	\$ 1,475
Marketing Investment	\$ 300	\$ 300
<b>Net Profit</b>	\$ 450	\$ 1,175
<b>Return on Marketing Investment</b>	<b>150.0%</b>	<b>392.0%</b>

# Analytics Process Always The Same



Source: Celent © 2014 The Financial Brand

# Social Media Analytics

An independent study by Altimeter revealed that many organizations avoid focusing on social media ROI because of:

- **56 percent:** an inability to tie social media to business outcomes
- **39 percent:** a lack of analytics, expertise and/or resources
- **38 percent:** poor tools
- **35 percent:** inconsistent analytical approaches
- **30 percent:** unreliable data

# Many Tools for Social Media Analytics

**Google Analytics:** Track website traffic, on-site conversions, and sign-ups originating from social media campaigns.

**Salesforce:** Add Salesforce tracking codes to the links you share on social networks. When paired with marketing automation software like Marketo, you'll be able to track sales leads back to specific campaigns or social messages.

**Hootsuite Analytics:** Hootsuite offers a variety of analytics tools to help you track your reach, conversions and more.

- **Hootsuite Insights** will help you identify conversations within your industry, your reach, brand sentiment, and much more, with 100 million data sources, real-time results, and an intuitive interface.
- **Custom URL parameters** allows you to track which social networks and social messaging did or did not drive traffic to your site, blog, or landing page.
- **Hootsuite Analytics Reports** offer quick snapshots of your reach through metrics like follower growth, total daily URL click-through, and per-post stats for Facebook, Twitter, and more

# Measuring Social Media ROI

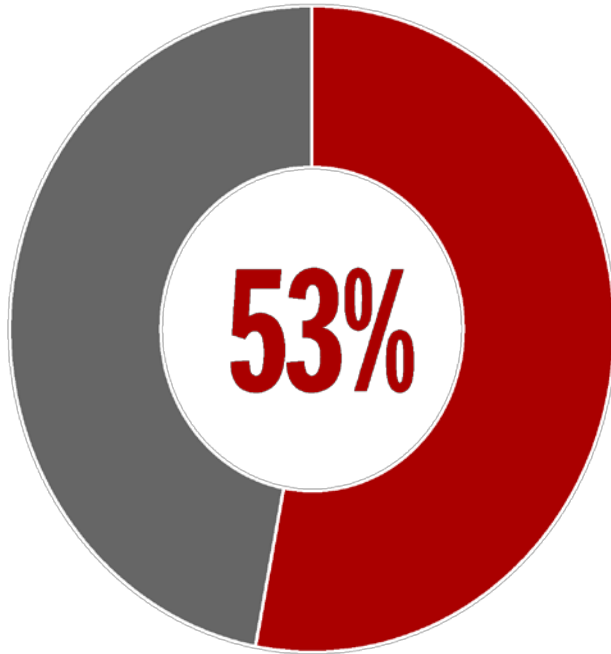
1. Set conversion goals
2. Track against goals
3. Assign monetary value to conversions
4. Measure total benefit by channel
5. Determine total costs
6. Calculate ROI

More info:

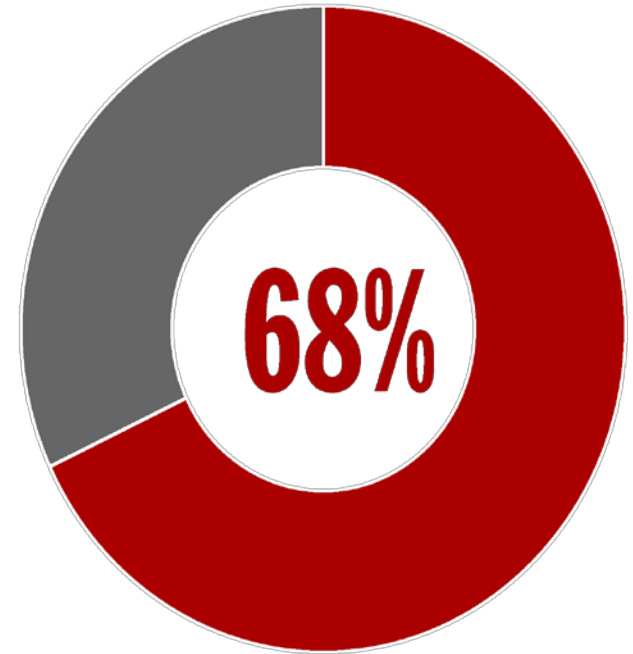
[www.dashboardjunkie.com/measure-online-roi-six-simple-steps](http://www.dashboardjunkie.com/measure-online-roi-six-simple-steps)



“We can’t quantify the ROI of our branding initiatives.”



**Marketing Execs**



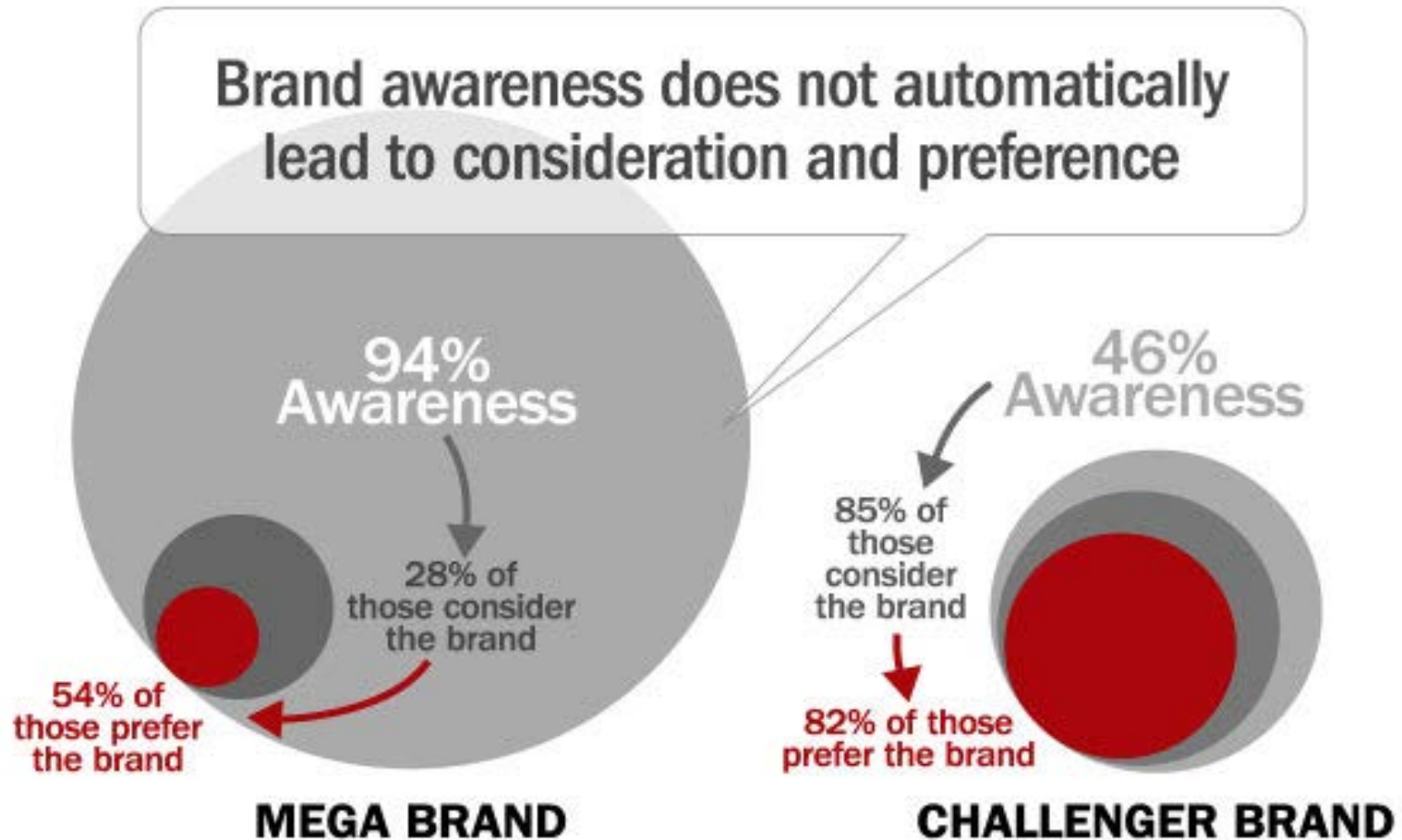
**C-Level Execs**

Source: The Financial Brand, 2016.

# Disconnect: Brand

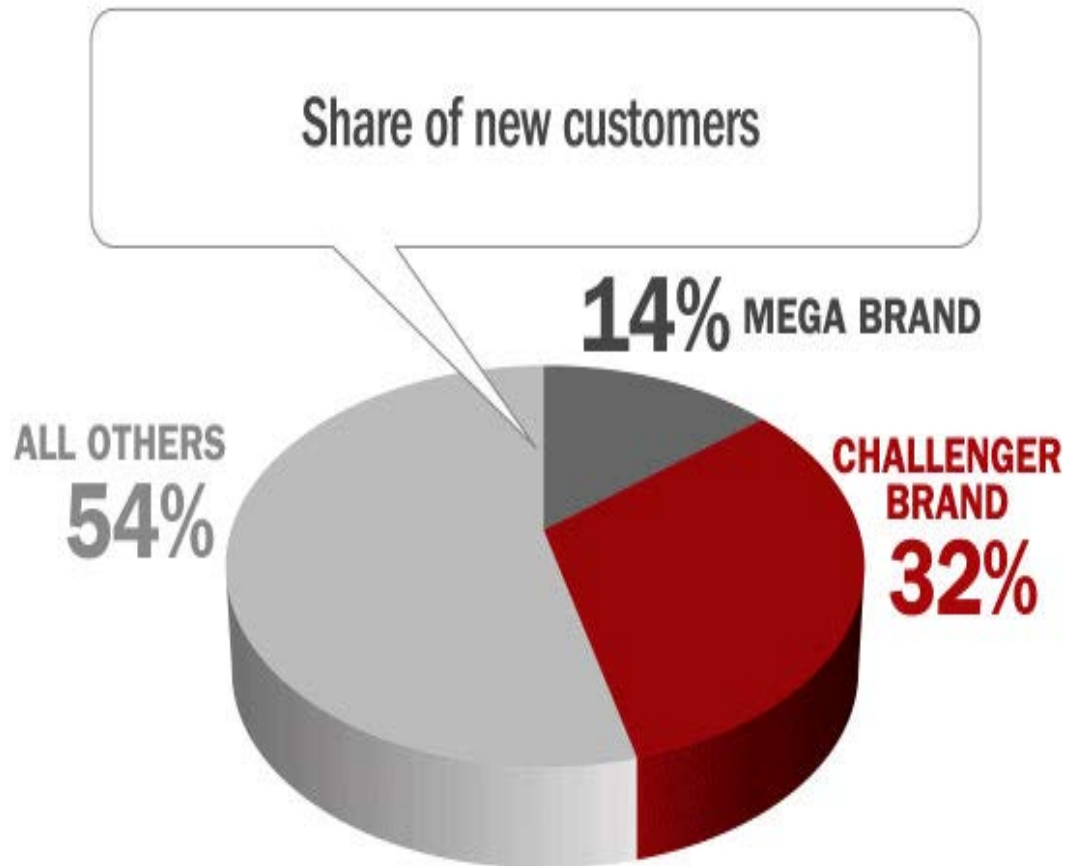
- Becoming more critical as branch visitation decreases, Millennial shift continues, fintech explodes
- Augmenting and partially replacing number of branches as the primary selection criterion for new customers
- Directly correlated to market share growth
- Need a common understanding of what it is, why it's important, and how you will measure it
- Need commitment that is 3-5 year process

# Brand Preference Drives Household Growth



Source: The Financial Brand, 2016.

# Brand Preference Drives Household Growth



Source: The Financial Brand, 2016.

# 5 Big Take- Aways

- No Excuses for Not Running the Numbers
- Team with Finance on ROI Analytics
- All Marketers Need Firm Grounding in Bank Finance and Analytical Skills
- Do Not Be Afraid to Make Assumptions
- You Must Constantly Prove the Value of Investment in Marketing

# Capital Performance Group, LLC

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